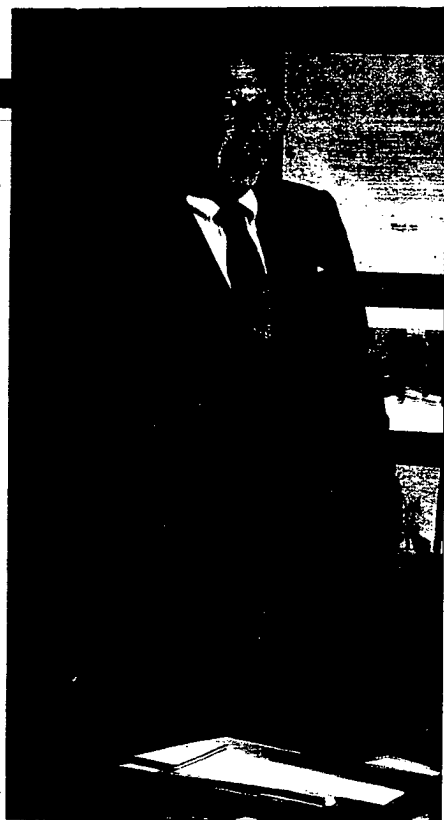


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Zealot: Casey backed contras

How the CIA Went Wrong

Congress gave an inch

The CIA's Central American task-force chief, Alan Fiers, had good news for his station chiefs when they gathered secretly in Miami in the autumn of 1985. After a year of being handcuffed by Congress, effectively preventing the agency's operatives from providing military aid to the contras in Nicaragua, the group was told that restrictions had been eased slightly. "Intelligence sharing" between the agency and the rebels would now be permitted, they were told. To Congress, which had loosened the law that October at White House request, the change seemed modest enough. But for the CIA, NEWSWEEK has learned, it became a loophole large enough to fly cargo planes through. In fact, this small change was taken by the CIA as license for its operatives to aid Oliver North and his private supply network.

At his confirmation hearings last week, Robert M. Gates, the president's nominee to become CIA director in place of the ailing William Casey, testified that the agency had "tried to build in a buffer" between itself and private efforts to aid the contras. The agency had not wanted to even know how the contras were getting arms, much less help them, said Gates, a professional intelligence analyst who had risen through the ranks to become the agency's deputy director last year. The evidence, however, indicates that at least several top CIA officials on the covert side of the agency were determined to ignore the buffer, and they apparently took their lead from the top.

Sources say that North kept CIA Director Casey well informed about efforts to funnel arms to the contras. And one well-placed official added that North talked about his activities once or twice a day with Clair George, a Casey deputy who headed the agency's clandestine operations. The spy agency also continued to funnel millions of dollars into the contras' "political projects," picked up contra salaries, financed foreign trips by contra leaders and paid for "security" at rebel offices.

Military needs: The CIA apparently regarded all this activity as "political" support for the contras, not banned by congressional restrictions on military aid. Harder to explain away is the evidence that some CIA officers worked closely with North on channeling not just dollars but weapons to the contras. From Costa Rica, the agency's station chief, who goes by the name of Tomás Castillo, communicated with North about contra military needs and the timing of airdrops, intelligence sources say. Initially, the CIA cleared Castillo of wrongdoing. But when North's files showed the station chief to be the main conduit for arms-related messages, Castillo admitted that he had withheld information and the CIA was forced to oust him.

Some skeptics wonder whether Castillo was simply the scapegoat. According to one knowledgeable source, Castillo's actions were approved at the Miami meeting by Fiers and George. Fiers reportedly told Castillo and other CIA station chiefs that changes in the congressional ban permitted them to "pass messages and facilitate contact between Ollie [North] and the private people" who were involved in providing military supplies to the contras. The source said the CIA station chief in El Salvador balked at that interpretation of the law, but Costa Rican operative Castillo agreed after clearing the arrangement with George.

The CIA has heatedly disputed the allegations against George and the Nicaragua task-force chief. CIA spokesman George Lauder said, "There's no basis for stating that either [official] authorized any activities contrary to" the ban on U.S. military assistance. But in preparing for his confirmation hearings, Acting Director Gates ordered a new internal probe of the CIA's compliance with the directive, demanding what one source called "a full and complete record" from agency personnel on what they had done.

✓ ROBERT PARRY in Washington